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Message Text

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13
ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

ACDA-19 MBFR-03 SAJ-01 OMB-01 SCEM-02 RSR-01 TRSE-00

FPC-01 NIC-01 COME-00 CIEP-02 NEA-10 AEC-11 /157 W
---------- 012077
R 201740Z JUL 73
FM USMISSION BERLIN
TO AMEMBASSY BONN
SECSTATE WASHDC 2117
INFO AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
RUFHNAXUSMISSION NATO 5463

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E.O. 11652: N/A
TAGS: PFOR, ENRG, WB, GE, GW

SUBJECT: BERLIN ENERGY SUPPLY: GDR PIPELINE

REF: (A) BONN 10073; (B) STATE 90577; (C) BERLIN 1095

1. SUMMARY: ESSO CONTACTED MISOFF JULY 18 TO DISCUSS CURRENT PROPOSAL FOR OIL PRODUCT PIPELINE FROM GDR TO WEST BERLIN. MISOFF CONVEYED SUBSTANCE OF MESSAGE DELIVERED TO GDR JULY 12 (REF C), AND ESSO ASKED TO BE KEPT INFORMED OF FUTURE DEVELOPMENTS IN THIS AREA. ESSO CONTINUES SKEPTICAL CONCERNING MERITS OF PROJECT AND ANTICIPATES NO SUBSTANTIVE PROGRESS IN OIL COMPANY TALKS WITH GDR FOR A MONTH OR SO. END SUMMARY.

2. ESSO REP CONTACTED MISSION JULY 18 TO ASK IF NEWS-PAPER REPORTS THAT ALLIES HAD APPROVED PIPELINE PROJECT
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WERE TRUE. MISOFF REPLIED THAT ALLIES HAD INTERPOSED NO

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OBJECTION TO SENAT INFORMING GDR THAT NECESSARY CONDITIONS WOULD BE CREATED FOR REALIZATION OF THE PROJECT, BUT MANY POINTS HAD TO BE CLARIFIED BEFORE ONE COULD TALK OF AN APPROVED PROJECT. ESSO ASKED MISSION TO KEEP COMPANY INFORMED OF FUTURE DEVELOPMENTS.

3. ESSO REP SAID SHELL AND REX WOULD PAY COURTESY CALL ON GDR FIRM INTRAC JULY 20 BUT WOULD NOT BE AUTHORIZED TO SPEAK FOR OTHER OIL COMPANIES SINCE DETAILS OF CONSORTIUM NOT YET WORKED OUT. HE ADDED THAT VACATIONS WOULD PROBABLY DELAY SUBSTANTIVE TALKS AT LEAST A MONTH. (WE NOTE PARENTHETICALLY THAT THIS WOULD CLOSELY PARALLEL REPORTED TIMETABLE FOR FRG-SOVIET TALKS ON NUCLEAR POWER IN USSR WITH TRANSMISSION LINE TO FRG, WHICH KELTSCH OF PREUSSENELEKTRA HAS TOLD PRESS WOULD REACH PRELIMINARY CONCLUSIONS AT SEPTEMBER MEETING IN FRG.)

4. ESSO REP STATED THAT COMPANY WAS CRITICAL OF POOR PERFORMANCE OF GDR OIL PRODUCT DELIVERIES BUT DID NOT FAULT TERMS OF CONTRACT WITH REX, WHICH ESSO BELIEVED WERE SUFFICIENTLY CLEAR. ESSO SKEPTICAL THAT FINANCIAL PENALITIES FOR SHORT DELIVERIES WOULD HELP MUCH. ACCORDING TO REP, ESSO'S BIGGEST WORRY REMAINED THAT PRODUCTS FROM 3-MILLION-TON REFINERY EXPANSION AT SCHWEDT MIGHT NOT BE AVAILABLE BECAUSE OF LACK OF CRUDE -- NOT BECAUSE SOVIET OR MIDDLE EAST SOURCES NECESSARILY INSECURE BUT BECAUSE APPARENTLY NO PARTY WAS CONTRACTUALLY COMMITTED TO SUPPLY CRUDE. PROBABLY IN ANTICIPATION THAT FRG WOULD LOOK TO OIL COMPANIES TO MAKE UP SHORTFALLS, ESSO PREVIOUSLY TOLD MISSION IT COULD NOT AFFORD TO KEEP NECESSARY WESTERN INFRASTRUCTURE IDLE FOR ONLY CONTINGENCY USE.

5. WE WOULD BE INTERESTED IN ANY CLARIFICATION EMBASSY BONN COULD PROVIDE WHICH WOULD HELP TO EXPLAIN BASIS FOR ECONOMIC MINISTRY'S ASSERTION (PARA 7, REF A) THAT AGREEMENTS ON CONSTRUCTION OF REFINERY IN GDR, AS WELL AS ITS FINANCING, SHOULD BE REGARDED AS "HIGHLY DESIRABLE IN THEMSELVES."BORG
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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